



# Billing Summary

Previous Balance
780.48
Payments
0.00

ARIZON CABLE 1  
LIMITED PARTNERSHIP  
78 LANSING RD  
ARLOTTE MI 48815

Past Due	Current Charges	Total Amount Due
780.48	0.00	780.48

## DETAILED CHARGES

FOR BILL INQUIRY: 1-800-225-184

ACCT NO.: C6543

DUE DATE: NOV 10, 1996

AUTHORIZED BY: TONYA REESE

### DETAIL OF CURRENT CHARGES

SERVICES .....	0.00
MATERIAL .....	0.00
CONTRACTOR COSTS .....	0.00
ADJUSTMENTS .....	0.00
TAXES .....	0.00
LATE PAYMENT CHARGE .....	0.00
TOTAL CHARGES FOR THE MONTH OCT 1996	0.00

## DESCRIPTION OF SERVICES

ANNUAL BILLING 1/1/96 -12/31/96  
271 ATTACHMENTS @ \$2.88 = \$780.48  
SOUTH LY 124, SARANAC 147

Detach and mail this section with your check for the total amount due. Make the check payable to Ameritech.

## BCATS Bill

Account Number	Bill Issued
C6543	10/20/1996

Mail Payment to:

AMERITECH  
P.O. BOX 92471  
CHICAGO, IL 60675-171

Due Date
NOV 10, 1996
Total Amount Due
780.48



FRASER TREBILCOCK DAVIS & FOSTER, P.C.  
LAWYERS

1000 MICHIGAN NATIONAL TOWER  
LANSING, MICHIGAN 48933

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\*\*\*\*\*ALSO LICENSED IN COLORADO

May 28, 1996

Ms. Dorothy Wideman  
Executive Secretary  
Michigan Public Service Commission  
6545 Mercantile Way  
P. O. Box 30221  
Lansing, MI 48909

Re: *FOIA Request for Ameritech Michigan's Notices of Transfers Required  
By Section 308 of the Michigan Telecommunications Act*

Dear Ms. Wideman:

Pursuant to the Michigan Freedom of Information Act, MCL §15.231, et seq., we hereby request copies of any and all notices of Ameritech Michigan to the Michigan Public Service Commission regarding Ameritech Michigan's transfer(s), in whole or in part, of substantial assets, functions or employees associated with basic local exchange service to an affiliated entity. Ameritech Michigan is required to file these notices pursuant to Section 308 of the Michigan Telecommunications Act, 1991 PA 179, as amended, being MCL 484.2308.


This request covers documents in your possession as well as any other documents which may be in the possession of or available to any other departmental personnel. As used in this letter, the term "documents" includes all originals and any non-identical copies of records of any kind, whether formal or informal, including letters, notes, diagrams, maps, photographs, charts, video tapes, audio tapes, graphs, files, calendars, summaries, computer printouts, cards, floppy disks and any other information-bearing media which can be processed, translated or transcribed into reasonably useable form.

May 28, 1996  
Page 2

In accordance with § 5(1) of the Freedom of Information Act, copies of the above-described records should be provided to the undersigned not more than five business days after the date upon which this request is delivered. If you have any questions regarding the scope of this request, please contact me at your convenience. Thank you for your cooperation.

Very truly yours,

**FRASER TREBILCOCK DAVIS & FOSTER, P.C.**



Michael S. Ashton

MSA/csp





State of Michigan  
John Engler, Governor

Department of Consumer & Industry Services  
Kathleen M. Wilbur, Director

Public Service Commission

6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909-7721  
517-334-6445

Commissioners

John G. Strand  
John C. Shea  
David A. Svanda

June 7, 1996

Mr. Michael S. Ashton  
Fraser, Trebilcock, Davis & Foster  
1000 Michigan National Tower  
Lansing, MI 48933

Dear Mr. Ashton:

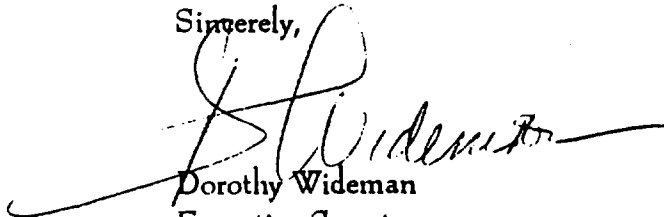
Re: Freedom of Information Act Request Concerning PA 179 As Amended

This letter is in response to your recent request, pursuant to the Michigan Freedom of Information Act, for copies of any and all notices of Ameritech Michigan to the Michigan Public Service Commission regarding Ameritech Michigan's transfer(s), in whole or in part, of substantial assets, functions or employees associated with basic local exchange service to an affiliated entity.

Enclosed are copies of four documents located in searches of our files:

- Letter dated August 5, 1993 from Ameritech announcing the roll-out of its business units.
- Letter dated March 16, 1994 from Ameritech on upcoming transfer of employees.
- Application of Michigan Bell Telephone Company for a disclaimer of jurisdiction or for authority to transfer records outside the State of Michigan, filed in Case No. U-10749 on December 13, 1994.
- Commission order in Case No. U-10749, on April 27, 1995, approving transfer of records.

Sincerely,



Dorothy Wideman  
Executive Secretary

enclosures

c: W. Celio



RECYCLED

ALL-STATE LEGAL 800-222-0510 ED11

- 1        ~~Exhibit~~ ACI and another Ameritech affiliate from sharing
- 2        any employees?
- 3        A     I am not aware of any restrictions.
- 4        Q     Do you have Data Response ATAC0012 before you?
- 5        A     Yes, I do.
- 6        Q     And you prepared the response to this data request?
- 7        A     Yes, I did.
- 8        Q     Now, you indicate that ACI has been funded by Ameritech in
- 9        the amount of approximately \$90 million on an unsecured
- 10       basis, correct?
- 11       A     That is correct.
- 12       Q     How much of that 90 million is equity and how much is
- 13       debt?
- 14       A     Substantially all of it is debt.
- 15       Q     Substantially. Can you give me a percentage?
- 16       A     In excess of 95 percent.
- 17       Q     Are there written agreements that reflect this debt
- 18       funding?
- 19       A     There is a -- no, there is not. We are working on
- 20       securing written agreements for this.
- 21       Q     So any agreements are oral currently?
- 22       A     Yes, they are.
- 23       Q     Is there more than one oral agreement or is it all part of
- 24       the same oral agreement?
- 25       A     For the funding level?



1 Q Yes, for the debt.

2 A We may have had a series of conversations, but there's one  
3 general agreement.

4 Q Is there any interest rate included in that agreement?

5 A Yes, there is.

6 Q What is that rate?

7 MR. DEMLOW: Your Honor, I would object.  
8 I think we've not only stepped onto the slippery slope, I  
9 think we've fallen off of it. I don't understand what the  
10 relevance of this in terms of demonstrating that Ameritech  
11 and ACI, as a subsidiary of Ameritech, has the financial  
12 resources to offer the service that it proposes to offer  
13 in the state of Michigan. No other party has been made to  
14 disclose the intricate nature of their financings  
15 internally, and I don't think it serves any purpose other  
16 than to allow our competitors a glimpse of how it is we  
17 are intending to operate, and I just don't think that's  
18 appropriate.

19 JUDGE STROTHER: Do you have a response?

20 MR. URBANSKI: I'll withdraw the question.

21 Q (By Ms. Urbanski) Mr. Earley, is there a time period for  
22 payback in these agreements of the debt?

23 A The payback has not been specifically identified.

24 Q Mr. Earley, on page 6 of your direct testimony, the  
25 sentence beginning at line 14, "At the same time, the



1 A. It is anticipated that ACI will receive from Ameritech Corporate the general  
2 corporate oversight inherent in a parent/subsidiary relationship. In addition,  
3 ACI and its affiliates, including Ameritech Michigan, may share the following  
4 administrative functions:

- 5
- 6 • Accounting and finance services, staff, and facilities.
- 7
- 8 • Human resource services, staff, and facilities.
- 9
- 10 • Accounting, financial, and human resources transaction processing and
- 11 data accumulation, staff, and facilities.
- 12
- 13 • Auditing, legal, pension, public affairs, and labor relations services, staff,
- 14 and facilities.
- 15
- 16 • Corporate security policy and advice, although ACI will maintain its own
- 17 staff and facilities.
- 18
- 19 • Tax compliance services, staff, and facilities, although ACI may maintain
- 20 an active role in all tax planning.
- 21
- 22 • Insurance policy coverage, services, staff, and facilities, including coverage
- 23 under the Ameritech umbrella policies for medical, dental, and property
- 24 insurance coverage.
- 25

- 1 • Ameritech benefit programs, services, staff, and facilities, including long-term  
2 term incentive plans such as employee stock option plans and Ameritech  
3 multi-employer pension plans.  
4

5 ACI may participate with the Ameritech local exchange operations and other  
6 affiliates in the bulk purchasing of supplies and equipment, which includes the  
7 ordering, warehousing, inventory, delivery, salvage, and return functions.  
8

9 Q. What about building space?  
10

11 A. ACI may obtain building space from or provide building space to the Ameritech  
12 local exchange operations subject to any applicable requirement regarding  
13 colocation of telecommunications facilities. I should note that at this time,  
14 ACI has not, nor does it intend to, colocate any of its interexchange facilities  
15 with Ameritech local exchange operations' local exchange and exchange access  
16 facilities.  
17

18 Transactions Between Affiliates  
19

20 Q. How will transactions between ACI and other Ameritech affiliates be handled?  
21

22 A. Transactions between ACI and its Ameritech affiliates will be subject to cost  
23 accounting procedures based on normal cost accounting and regulatory  
24 principles to assure that an appropriate share of relevant costs is allocated to  
25 ACI and in compliance with Part 64 of the FCC's rules, to the extent  
26 applicable. Mr. Dunny discusses in more detail in his testimony the specific  
27 requirements relating to transactions between Ameritech Michigan and ACI.



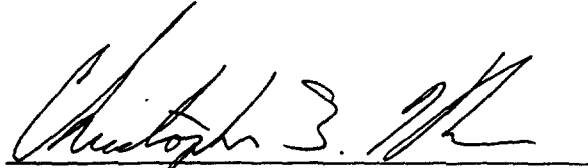
In the matter, on the Commission's own motion, )  
to determine the total service long run ) Case No. U-11103  
incremental costs and imputation requirements )  
under the Michigan Telecommunications Act. )

STATE OF MICHIGAN )  
COUNTY OF INGHAM ) ss:

4. In speaking with these individuals, they advised me that they were working for Ameritech and that they were installing cable to provide cable television service.

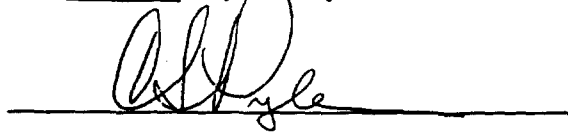
5. Attached are photographs which accurately depict some of the individuals and their activities in Plymouth Township on July 20, 1995.

Further, the deponent sayth not.



Christopher T. Horak  
Public Affairs Director, Michigan  
Cable Telecommunications Association

Subscribed and sworn to before me  
this 9th day of July, 1996.

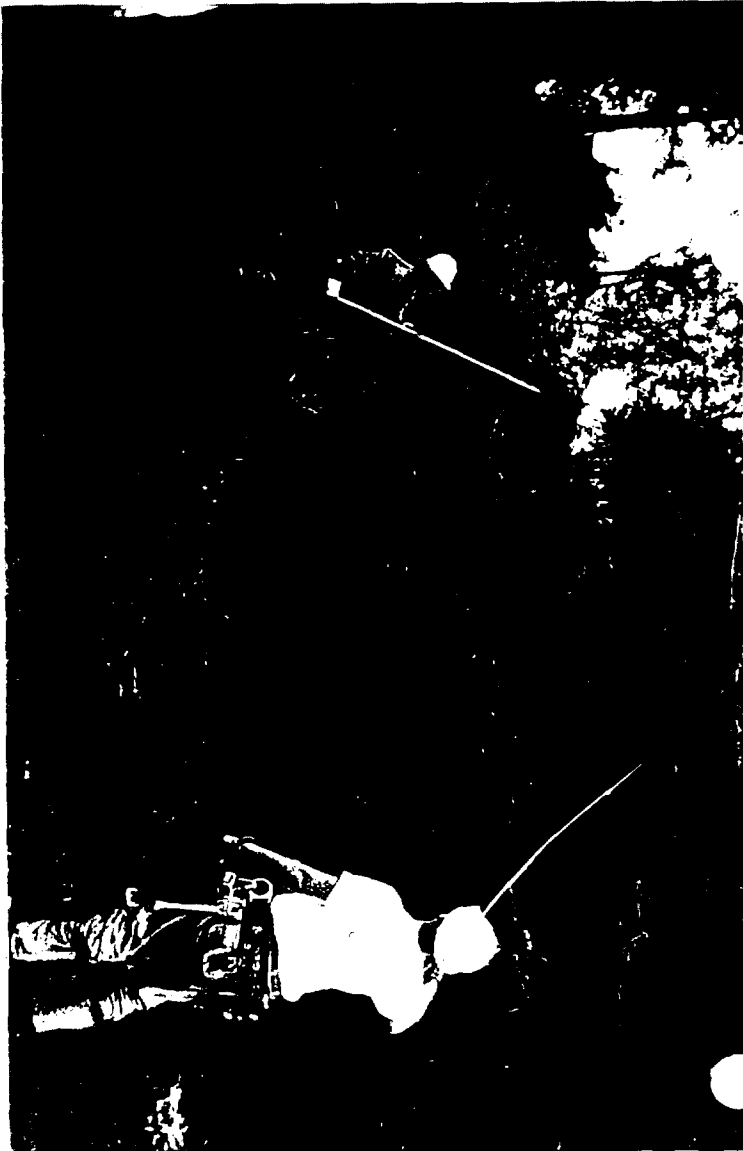


Notary Public

County, Michigan

My Commission expires:

CSPYLE  
NOTARY PUBLIC STATE OF MICHIGAN  
INGHAM COUNTY  
MY COMMISSION EXP. FEB. 26, 2000







Chapter 62

1. Legislative Findings The City of Troy has the authority to grant Licenses and Franchises for Telecommunication Systems offering public or private line video, data or voice services using or crossing a street, highway, rights-of-way or easements in the City. This Ordinance is intended to minimize the disruption to the streets, highways, rights-of-way and easements and to require those who seek to construct a Telecommunication System to cooperate in the construction and the restoration of streets, highways, rights-of-way and easements of both overhead and underground lines. The City finds that it has too many unsightly overhead lines and poles in some sections of the City. They are proliferating, adversely affecting the public safety, detracting from property values and reaching maximum safe capacity of poles and underground spaces. The City further finds that public health, safety and welfare is better served by requiring installation of new utility lines and wires in underground conduit wherever practical.
2. Purpose The purpose of this ordinance is to regulate the granting of Licenses and Franchises for Telecommunication Systems other than cable television systems.
- ③. Definitions Unless the context specifically indicates otherwise, the meaning of the terms used in this Ordinance shall be as follows:
  - (1) City means the City of Troy, Michigan.
  - (2) Telecommunication Services include regulated and unregulated services offering to customers the transmission of 2-way interactive communication and associated usage.
  - (3) Telecommunication System is a system used or to be used to provide Telecommunication Service including public or private line video, data or voice service to another person, using or crossing a street, highway, rights-of-way or easements in the City other than cable television service offered pursuant to a Franchise granted under Chapter 63 of the City Code, as amended.
  - (4) Franchise is a non-exclusive, limited authorization to transact local business for the construction, maintenance and operation of a Telecommunication System in the City awarded by ordinance in the form of a contract and accepted by the Grantee.

- (5) Grantee is any holder of a Telecommunication System License or Franchise granted pursuant to this ordinance.
- (6) Gross Revenue shall mean all receipts collected by the Grantee for all telecommunication and related operations and services within the corporate limits of the City as well as any other revenue arising from operation or possession of this Franchise regardless of where billed. "Gross revenue" shall also include:
- (a) Access charges paid to the Grantee by other carriers.
  - (b) The leases or re-sales of lines or circuit paths to third parties.
  - (c) All Telecommunications Service revenues charged on a flat rate basis.
  - (d) All Telecommunications Services charged on a usage sensitive or mileage basis.
  - (e) All revenues from local service.
  - (f) All revenues from authorized rental of conduit space.
  - (g) All revenues from authorized rentals of any portion of Grantee's System, including plant, facilities, or capacity leased to others.
  - (h) All other revenues collected from Grantee's telecommunication business pursued within the City, excluding third party billing arrangements not related to Grantee's telecommunication business.
  - (i) Recoveries of bad debts previously written off and revenues from the sale or assignment of bad debts. Unrecovered bad debts charged off after diligent, unsuccessful efforts to collect are excludible from Gross revenues from telecommunication business. "Gross revenue" does not include revenue uncollected from customers (bad debts) and sale or lease of customer service equipment, taxes, interconnection fees paid by Grantee to other telecommunications carriers, or other similar types of pass-through charges for which Grantee merely acts as a collecting agent and derives no economic benefit or "markup".

## Chapter 62 - Telecommunications Ordinance

- (7) License is a written agreement granted by resolution for a Telecommunication System to use the rights-of-way, easements, highways, streets, alleys, and other places in the City for wires, poles, pipes, conduits or other public utility facilities, but not to transact local business with another person.
- (8) Person is any individual, firm, partnership, association, corporation, company or organization.
- (9) Subscriber is any Person who contracts with the Grantee for, or is in any manner provided with, Telecommunication Services.

### 4. City Approval Required

- (1) No Person shall install, construct, maintain or otherwise operate a Telecommunication System in the City without a telecommunication License and no person shall transact local business on a Telecommunication System in the City without a Franchise.
- (2) This ordinance shall apply to any existing cable television system operating pursuant to a Franchise awarded by the City which the Franchisee uses to transact local business operating a Telecommunication System. However, this ordinance exempts any existing institutional network operated by TCI of Oakland County, Inc., until the original TCI term of the Franchise expires, except to the extent that TCI or any other entity uses such network for commercial non-cable services.
- (3) Before offering or providing any Telecommunication Service, the Grantee shall obtain any and all regulatory approvals, permits, authorizations or licenses for the offering or provision of such Telecommunication Services from the appropriate federal, state and local authorities, if required, and shall submit to the City, upon the written request of the City, evidence of all such approvals, permits, authorizations or licenses.
- (4) Nothing in this ordinance shall be construed as a waiver of any codes, ordinances or regulations of the City or the City's right to require Grantee or persons utilizing the Telecommunication Service to secure appropriate permits or authorizations for such use. No fee or charge may be imposed upon a Grantee for any such permit or authorization, other than the standard fees or charges generally applicable to all persons for such permits or authorizations. Such standard fee or charge shall not be offset against the annual License fee or Franchise fee a Grantee is required to pay to the City under section 9 of this ordinance.

## Chapter 62 - Telecommunications Ordinance

### 5. Issuance

- (1) The City may grant one or more Licenses and Franchises for a Telecommunication System in the City subject to this Ordinance.
- (2) The City specifically reserves the right to grant, at any time, such additional Licenses and Franchises for a Telecommunication System as it deems appropriate. Additional Licenses and Franchises shall not be deemed to modify, revoke, terminate or damage any rights previously granted to any other Grantee.
- (3) In the event a License application is filed proposing to install facilities within a Franchise territory which overlaps in whole or in part an existing area, a copy shall be served by the applicant by certified mail upon the current Grantee(s). Applicant shall notify Grantee of existing overlapping territory. Proof that a copy of the application has been served upon the current Grantee(s) shall be provided to the City. No application for overlapping territory shall be processed until proof of service has been furnished to the City. It is not the intent of this Ordinance to either require or prohibit overbuilding.
- (4) Applications for a new, renewed or amended Franchises shall be made in such form as the City may prescribe by resolution. New, renewed or amended Franchises which expand the scope of service shall be accompanied by a non-refundable \$5,000 partial prepayment of the Franchise formation fee.

### 6. Duration

Any License or Franchise and the rights, privileges, authority, and responsibilities established shall take effect and be in force from and after final acceptance. It shall continue in force and effect for a period established by the License or Franchise not exceeding fifteen (15) years, provided within thirty (30) days after the date of the City's final acceptance of a License or Franchise, the Grantee files with the City Clerk its unconditional acceptance of the License or Franchise, all required letters of credit, construction surety and insurance certificates, and pays to the City Clerk all reasonable costs actually incurred by the City in preparing, considering and awarding the License or Franchise, including legal, engineering, technical, publication and other expenses, to-wit: the Franchise formation fee described in Section 9. If a Grantee fails to timely comply with this section, it shall acquire no rights, privileges, or authority whatsoever from the City. The City Manager may extend the term of a License or Franchise for a period not exceeding one (1) year by written agreement with a Grantee on reasonable and necessary terms.

## Chapter 62 - Telecommunications Ordinance

7. Penalty Violation of any of the terms of this Chapter shall be misdemeanor punishable by a fine of up to Five Hundred (\$500.00) Dollars or ninety (90) days in jail or both, not excluding (in addition to) civil damages.
8. Rate Regulation The rates and charges of a Grantee subject to Franchise for the provision of Telecommunication Services and for related services (such as equipment rental, deposits, disconnection fees, and late payment fees) shall be subject to regulation by the City to the full extent authorized by federal or state law. The City may from time to time elect not to regulate Grantee rates and charges, and any such election shall not waive the City's rights to regulate in the future. Changes to rates and charges shall only be made after notice, hearing and other requirements provided by law.
9. Franchise Formation and Annual Fee Payments by Grantee
  - (1) For the reason that the streets, highways and rights-of-way or easements to be used by Grantee in the operation of its Telecommunication System within the boundaries of the City are valuable public properties, some of which are acquired and maintained by the City at great expense to its taxpayers, and that the grant to Grantee of the use of said streets, highways, rights-of-way or easements is a valuable property right without which Grantee would be required to invest substantial capital in right-of-way costs and acquisitions, a Grantee shall pay:
    - (a) A. Franchise formation fee (i) for Franchises of \$10,000.00; or, (ii) for Licenses of \$ 2,000.00; and
    - (b) An annual fee equal to the lesser of (i) 5% of its gross revenue, or (ii) an amount determined as set forth in subsection (2).
  - (2) The fee to be charged to a Grantee under clause (ii) of subsection 1(b) shall be Grantee's allocated share of the following amounts:

The estimated actual cost (excluding acquisition costs) incurred by the City as a consequence of permitting Grantee to occupy a portion of the public rights-of-ways and in mediating disputes between the citizens of the City and Grantee.

The estimated actual costs referred to in subsection 2(b) shall be calculated every three years by the City Finance Director and shall be subject to approval by the City Council following a public hearing. The costs referred to in subsection 2(b) shall be allocated among all of the Grantees based on their per linear foot (not number of lines or capacity) of the Telecommunication Systems located upon, over, across or under the roads, bridges, streets, rights-of-way and easements in the City.

The annual fee required by subsection (1) may be determined using:

(a) ~~a~~ percentage of gross revenues not exceeding five (5%) per cent; or

(b) \$0.40 per linear foot of underground and \$0.25 per linear foot of overhead lines, wires, cables, poles, conduits and like structures, erections and fixtures upon, over, across, or under the roads, bridges, streets, public rights-of-way and easements in the City.

(3) Miscellaneous fee-considerations:

(a) Grantees sharing the same conduit shall each pay a full fee.

(b) Grantees sending signals over another Grantee's existing line or a line that is leased to another and upon which fees are already paid are not subject to additional fees.

(c) Grantees using the same line to provide cable television service and to provide Telecommunications Services shall be subject to both a cable television franchise fee and all fees set by this Chapter.

(4) Grantee shall pay to the City for each quarter an amount equal to one fourth (1/4) of the minimum annual fee, calculated on the basis of a twelve-month compensation year. Grantee shall forward by check or money order an amount equal to the quarterly payment by noon of the twenty-fifth day of the calendar month immediately following the close of the calendar quarter for which the payment is calculated. Any necessary prorations shall be made.

(5) In the event any quarterly payment is made after noon on the date due, Grantee shall pay a late payment penalty of the greater of: (i) \$100 or (ii) simple interest at ten percent (10%) annual percentage rate of the total amount past due. Acceptance of money under this Section shall not in any way limit or inhibit any of the privileges or rights of the City, whether under this Franchise ordinance or otherwise.

## Chapter 62 - Telecommunications Ordinance

- (6) In the event the 5% of gross revenue option is utilized, Grantee shall file annually with the City Manager no later than ninety (90) days after the end of the Grantee's fiscal year, a statement of revenues (for that year) attributable to the operations of the Grantee's Telecommunication System within the City. Said statement shall be prepared in compliance with general accepted accounting practices and auditing standards. This statement of revenues shall present a detailed breakdown of Gross Revenues and uncollectible accounts for the year. This statement of revenues shall be certified by an officer of the Grantee whose statement shall accompany the statement of revenues.

Any transactions which have the effect of circumventing payment of required Franchise fees and/or evasion of payment of Franchise fees by non-collection or non-reporting of Gross Revenues, bartering, or any other means which evade the actual collection of revenues for business pursued by Grantee are prohibited.

- (7) License and Franchise fees shall be in addition to any other tax, charge, fee, or payment due the City by a Grantee.

### 10. New Developments

- (1) Grantee may, from time to time, implement new services and developments allowed by law. A Grantee may not provide cable television services as defined by the U.S. Cable Communication Policy Act of 1984.
- (2) In addition to those matters required in a Franchise, Grantees make the following express acknowledgements:
- (a) That the City has the right to make reasonable amendments to this ordinance which do not materially increase any financial, economic or performance burden to the detriment of a Grantee during the term of the License or Franchise upon ninety (90) days' notice to the Grantee, or without notice with respect to an emergency amendment. It further recognizes and agrees that the City shall in no way be bound to renew or extend the License or Franchise at the end of any License or Franchise term and that it may be deemed a mere licensee at the expiration thereof.
- (b) That a Grantee shall have no recourse whatsoever against the City for any loss, cost, expense or damage arising out of the failure of City to have the authority to grant all or any part of a License or Franchise. A Grantee expressly acknowledges that on accepting a License or Franchise it did so relying on its own investigation and understanding of the power and authority of the City.



- (c) By acceptance of a License or Franchise a Grantee acknowledges that it has not been induced to enter into a License or Franchise by any understanding or promise ~~or~~ other statement, whether verbal or written, by or on behalf of City or by any other third person concerning any term or condition of a License or Franchise not expressed in this Ordinance.
- (d) Grantee further acknowledges by the acceptance of a License or Franchise that it has carefully read its terms and conditions, and does accept all of the risks of the meaning of such terms and conditions.
- (3) However, if any such state or federal law or regulation shall require a Grantee to perform any service, or shall allow a Grantee to perform any service, or shall prohibit a Grantee from performing any service, in conflict with the terms of the License or Franchise or of any law or regulation of the City, then as soon as possible, a Grantee shall notify the City of the point of conflict believed to exist between such regulation or law and the laws and regulations of the City or the License and Franchise. Notwithstanding such conflict, the Grantee shall comply with the terms of the License or Franchise unless released by the City.
- (4) If any provision of a License or Franchise is held by any court of competent jurisdiction to be invalid as conflicting with any federal or state law, rule or regulation now or hereafter in effect, or is held by such court to be modified in any way in order to conform to the requirements of any law, rule or regulation, said provision may be considered a separate, distinct and independent part of the License or Franchise, and such holding shall not affect the validity and enforceability of all other provisions if the City so determines. In the event that such law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed, so that the provision which had been held invalid or modified is no longer in conflict with the law, rules or regulations said provision shall return to full force and effect and shall be binding on the parties.
- (5) If the parties determine that a material provision of a License or Franchise is affected by action of a court or of the state or federal Government, the parties shall have the right to modify any of the provisions to such reasonable extent as may be necessary to carry out the full intent and purpose of the License and Franchise.

## 11. Liability

- (1) A Grantee shall indemnify and hold harmless the City as set forth in the License or Franchise at all times during the life of a License or Franchise and will pay all damages and penalties which the City may be required to pay as a result of granting a License or Franchise to Grantee.